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ABSTRACT

This report compares and contrasts the educational reforms and coping strategies that have been adopted by socialist China and capitalist Hong Kong as they face the challenges of global marketization (the introduction of market competition and other private initiatives). It charts marketization's influence on decision-making and social policies around the world. One of the outcomes of this global trend is the international quality-assurance movement in streamlining the education institutions. The paper examines the effects of managerialism on Hong Kong's experience and the policy context of quality assurance in education. It discusses the policy of decentralization in schools and the impact derived from the introduction of internal competition. The text describes similar conditions in the mainland by examining the policy context of marketization of education in China, the policy of decentralization and marketization of education, features of marketized education, and the use of competition to enhance efficiency and effectiveness. Examples of market-driven curricula and programs are also provided. The paper concludes by cautioning that recent educational developments in Hong Kong and China have reflected global trends in the reduction of the government's role in education. However, the tide of marketization should not be treated as a simplistic notion of an undifferentiated universal trend. (Contains 99 references.) (RJM)

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# Educational Reforms and Coping Strategies Under the Tidal Wave of Marketization : A Comparative Study of Hong Kong and the Mainland[1]

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***Abstract***

It has been a global trend, since the 1980s, that the process of marketization has been influential in the decision-making of social policies around the world, and that this tidal wave is now crossing over to the Asian-Pacific region as well. Education policy, as one of the important social policies for many developing countries, has been influential in the forefront of national development in terms of manpower training, as well as in other arenas of economic and social developments. In this way, these countries are trying to improve the quality of their educational services so that they can be more competitive in order to cater for the demands in the international markets. One of the outcomes of this global trend is the international quality assurance movement in streamlining the educational institutions as well as in using different coping strategies to promote quality education for all concerned.

For the Chinese Mainland, it seems that the Central Government is adopting a policy of decentralization in letting local governments to use multiple channels of resources and other methods to provide for their own educational services. Hong Kong as a Special Administrative Region of China, however, has adopted quite a different approach by employing the principle of managerialism in order to enhance their competitiveness in providing quality education to meet the increasing market demands. Hence, the present study is to compare and contrast the educational reforms and coping strategies that have been adopted by the socialist Mainland, on the one hand, and the capitalist Hong Kong SAR, on the other hand, in order to face this new challenge of marketization.

[1] This is a revised version of the same paper presented to the 1999 Annual Conference of the American Educational Research Association, held on April 19-23, 1999 in Montreal, Quebec, Canada.



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## The Swing of the Pendulum

The fifties and the sixties could be considered as the period when strong bases of leftist ideologies, either socialism or welfarism, had dominated the world scene. However, after more than two decades of the expansion of state activities and state intervention in the public domain, both fiscal and political crises started to roam over the world, both in the capitalist and the socialist camps. A growing political debate had ensued over the on-going ability and propriety of large-scale state intervention in the public domain.

By the 1970s, the post-war consensus on the welfare state commonly shared in the West has come under critical debate and challenge. On the ideological front, big governments were said to have usurped the proper role of markets and the ability of the individuals to run their own affairs (Habermas, 1976; Offe, 1982; Le Grand and Robinson, 1985). Realizing the importance of productivity, performance and control, governments have begun to engage themselves in transforming the way that they are managed (Flynn, 1997).

The swing of the pendulum had started to move to the New Right ideology, as manifested by Thatcherism in England and Europe, as well as Reaganism in the United States, by the late 1970s and "small is beautiful" became the rhetoric of the day. This shift from the traditional public administration paradigm to the "new public management" marks a move towards a more transparent and accountable public sector. Central to the notion of "new public management" is managerialism and marketization of the public services. The aim of managerialism is to enhance a more effective control of work practices (Pollitt, 1990), while marketization of the public services, that is the development of market mechanisms and adoption of market criteria within the public sector, is a major feature of the "new public management" (Hood,1991).

## Privatization and Marketization : A Global Trend

With emphasis given to effectiveness, efficiency and economy in the delivery of public services, privatization and marketization are introduced into the running of public services (Walsh, 1995). In this respect, privatization is closely associated with the reduction in state activities, especially in terms of the reduction in state provision, state subsidy and regulation (Le Grand and Robinson, 1985). In essence, privatization is concerned with the transfer of responsibility originally shouldered by the state to the non-state sector (Johnson, 1990), or that there is a change of the nature of the government involvement (Foster, 1992).

Privatization and marketization of education has been underway in Britain since the 1980s in the belief that these processes would make the public sector more effective, efficient, more accountable to the public, and more responsive to the changing demands of the public (Walford, 1990). The introduction of Assisted Place Scheme (APS) was designed to transfer high-ability pupils from low income families of the maintained sector to the private sector. In addition, the Conservative Government had privatized cost of education by encouraging charities sponsoring or donating funds to private schools with the help of tax-exemption (Johnson, 1987; Hannagan, 1992).

In recent years, the British government has implemented a scheme of Local Management of Schools (LMS), by decentralizing budgets to schools it tends to either encourage or push schools to look for industrial and commercial sponsorship (Cooper, 1988; Bridges and McLaughlin, 1994). In addition, universities are also urged to make good the reductions in government funding by raising research money from trusts or from industry, and by securing sponsorship for particular activities, and so on (Roberts, 1994; Morris, 1994). In order to assure "quality control" in education, institutional auditing has emerged in the U.K., with evaluations shifting from initially self-monitored, unthreatening and internal to more formal and external control (Craft, 1992, 1994). Similar developments are found in other European universities that are "characterized by increased entrepreneurship, conflicting faculty and administrative values, especially around governance issues; and greater diversification of institutional funding" (Clark, cited in Slaughter and Leslie, 1997, p.2 ).

The domination of economic rationalism has not only affected U.K.'s education, but has, in fact, shaped educational policies in the United States and Australia. By introducing competition to education, together with the adoption of a "customer-oriented approach", different measures such as Total Quality Management, Statistical Processing Control, Employee Involvement, Process Re-engineering, and Just-in-Time Production have been adopted in both the private and public sectors to assure service quality in the USA (Brown, 1995). Breneman (1993) deploys financial data persuasively to present the case that state and federal fundings are diminishing as part of the resource mix in the US higher education; while other scholars suggest that the university sector in the USA has become increasingly market-driven and marketized (see, Rhoades, 1997; Etzkowitz and Leydesdorff, 1997).

On the other side of the globe, Australian educational policy is also dictated by the "logic" of economy and efficiency, thus encouraging competition and choice in the running of educational services. Given more weight to "quality", to be measured by crude performance indicators such as research output and teaching performance, educational

practitioners and academics in Australia feel very much demoralized and substantially de-professionalized (Welch, 1996; Karmel, 1994). Both Smyth's edited volume *Academic Work* (1995) and Marginson's study (1995) suggest how Australia's education has been affected by strong market forces, thus it is not surprising to see market-like behaviour in which Australian institutions and faculty engage. Similar experiences are also found in Canadian universities such that state funding has been decreasing while the impact of marketization has accelerated (Buchbinder and Newson, 1990; Buchbinder and Rajagopal, 1993, 1995).

It is particularly noteworthy to know that the economistic rhetoric of individual rights and ideologies of "efficiency" is gaining momentum not only in the developed countries, but also in the developing countries as well (World Bank, 1988; Bray, 1996a). Bray's (1996b) recent work on the financing of education in East Asia also discovers that parents and local communities have played a more important role in the financing of education, while the state has gradually withdrawn from the frontier of educational provision. Similar experience is also reported in Mainland China, leading to a new definition of state/society relationship and public/private boundaries (Mok, 1997b; Cheng, 1995). Unquestionably, whether schools and higher education institutions can cope with the incentives to improve efficient use of resources, quality, efficiency and accountability have become the "yardsticks" in assessing the performance of the education sector. All these developments have confirmed what Slaughter and Leslie (1997) term as "academic capitalism". More importantly, the recent changes and transformations that are taking place in the education sector in various countries seem to suggest that marketization of education has become a global trend, under the tidal wave of which education financing, curriculum, governance and management should have been re-oriented/re-shaped by market-oreinted approaches and practices (Currie and Newson, 1998; Taylor et al., 1997; Spring, 1998).

*It is against such a wider policy context that this paper tries to discuss the coping strategies that both Hong Kong, a Special Administrative Region, and the Mainland have been employing in their adaptations to this global tidal wave of marketization.*

## Managerialism and the Hong Kong Experience

One effect of the tidal force of managerialism and the wave of marketization is closely related to the heightened concern for the quality of services. In order to be more competitive as well as more responsive to the increasing market demands for public services with scarce resources, a more "market-oriented" approach has been introduced in

Hong Kong, which emphasizes on quality, economy, effectiveness and efficiency in the provisions of public services.

Concern about quality in public services reached Hong Kong in the 1990s and was expressed in such initiatives as Governor Patten's Performance Pledges (Lee and Cheung, 1995). It has begun to make a powerful impact on education at all levels in the Hong Kong Special Administrative Region (SAR) since July 1, 1997. As a matter of fact, in Hong Kong, as has been in many other countries, a concern for quality also has its roots in managerialism and the new public management.

### *1) Policy Context of Quality Assurance in Education*

The advocates of privatization and marketization regard strong government controls on schools are stifling their initiatives and potentials, rendering them ineffective, inefficient and inappropriate when responding to rapid societal and global changes. Conversely, they would prefer to break the monopoly of government controls on schools by introducing more choice, competition and measurable results in schools in order to provide a more market-oriented approach in educational provisions. Their basic beliefs are that the market itself is the most efficient instrument to allocate resources, that competition will enhance people's motivation to raise their standards of performance, and that school improvement will not be effective if they do not hold accountable to the public, even when given the necessary resources to do their jobs.

In order to promote market mechanisms in the school system and to allow schools to compete with each other, schools are to be deregulated and be given the chance of self-management (Caldwell and Spink, 1992), so as to be accountable for their own performance. In this respect, marketization and school-based management can be regarded as the two major forces for school reforms under the New Right's ideology, and that "quality education" becomes the main rhetoric in educational discourse.

The first consultative document on education since the transfer of sovereignty, as put forth by the Education Commission in September 1997, called for the establishment of "Quality School Education" in the new Hong Kong SAR (EC, 1997). A generalized concern of consumerism, about "value for money", was an element in the rise of the Quality movement. More was being spent, but was "value for money" being achieved in our schools ? Was additional spending in education producing a better quality product and higher quality outcomes for our students ? Furthermore, do Hong Kong's educational standards keep up with improvements in the standards of its competitors ? And whether

Hong Kong's educational achievements would ensure its economic competitiveness in the future ? It was addressing to these important concerns which led the Education Commission to produce its 7th Report, *Quality School Education*.

According to the Report, more emphasis is given to notions of economy, effectiveness and efficiency in running school education. The concern about "value for money" and the quality of services provided is raised in the Report. In it, the Report clearly proposes that quality school education is related to the adoption of managerial practices. What the Report argues is that the current educational system lacks the key elements of managerialism -- clear development plans and targets, proper appraisal systems, incentives, strong management direction, as well as systems which relate funding to school performance.

As can be seen in the Report, the primary key words are quality, quality assurance, management incentives, accountability, competitiveness, diversity, performance indicators, efficiency, effectiveness, standards, parental choices, teacher appraisals, input-process-output model, value-addedness, areas of excellence, school-based management, autonomy, transparency, quality assurance inspection, and so on which are the educational discourses and "professional jargons" of the day ! (EC, 1997)

All these factors can have a part to play in promoting quality education, but do they really get to the heart of the problem ? Yet the Report fails to do exactly that by simply assuming the problems, without demonstrating convincingly the links between the absence of supposedly desirable features and poor quality education. For one thing, "quality education" is a much contestable and contested concept (Aspin, et.al., 1994; Doherty, 1994; Siu and Tam, 1995). For another thing, "quality education" inevitably involves conflicts in objectives, as well as conflicts in interests or needs among different groups. Viewing from this angle, the Report merely glosses over the differences and conflicts in goals by advocating the grand and abstract notions of quality and excellence, and in the end, resorting to bluntly administrative, managerial, economic and technical definitions of "qualtiy education" (Mok, Wilding, Chan and Tse, 1998, p.11).

If quality is to be promoted, it is important not only to be clear as to what "quality" is, but also to be able to measure it. In line with its managerialist approach, the Report advocates a scheme of "quality indicators" to measure school context and profile, process and outputs. In this respect, the Education Department has introduced a whole set of performanace indicators, in both primary and secondary schools, in order to measure the performances of various schools (Please refer to Figure I in the Appendix). Yet, to what extent do these performance indicators really measure up to the expectations of both the school administrators and parents ?

The development of performance indicators could do more harm than good to the schools. The underlying ideology of "total quality management" (TQM) could bring problems of standardization, rigidity and disempowerment, imposing external assessment and criteria on individual schools, in both aspects of school culture and ethos, management, teaching and learning process, personal growth and development of students, and liason with external bodies. An adoption of these measures also implies an invasion of professional autonomy, suffocating initiatives and innovations. One wonders whether these are introduced in the school system just in order to trigger more competitions among the schools themselves ? This is a topic to be further discussed later on.

In relation to the issue of "quality" is another contested concept of "value-added achievement" in both student and school performances. It seems that there is a special kind of mentality surrounding this concept :

1. The students are considered as input materials to be "added to in value", so that both students and the teaching process are being reified, the outcomes of the educational process are being commodified, the learning process is becoming alienating as a result.
2. The schools are being considered as factories according to an "input-process-output" model, with their "work processes" (just like the production lines in factories) to be standardized as indicators for quality assurance. Relying upon such kinds of production indicators and "merits", we can then decide which schools are effective and which are not effective, which are good quality schools and which are poor ones, and then stratify them accordingly.
3. The whole schooling system can be considered as a commodity market controlled by a "quality culture". Within this market, the students and their learning outcomes are the commodities, schools are the factories for "value-addedness", with parents and the employers to be the consumers in choosing their quality factories and their final products (Tsang, 1997, pp. 13-14, cited in Mok, Wilding, Chan and Tse, 1998, pp.16-17).

The applicability of a manufacturing model to education is still a subject of controversy, for it usually disregards the fact that the decisions about the input (admission of different bands of pupils), process (what goes on in school can be affected by the home and community environments) and the standards of a school are often political ones,

requiring processes of bargaining, negotiation, compromise, or even the resolution of a power struggle among different interest groups within the community. Much might be the harvest of promoting quality education from the various measures; however, these expected "returns" are not without "costs". We must be cautious that education, unlike other commodities, is a human service and a public good. Education itself is not merely a technological or management issue, and so the complexity of school education should not be overlooked, nor can one neglect the costs of managerialism for human beings (Callahan, 1962). It is the unitended consequences on human lives and their social and ethical implications which are worth serious consideration. The pursuit of efficient and effective services, in the ways of increasing quantification and measurement enhancement could strengthen the control over the human autonomy, which may result in the dehumanization and alienation on the parts of educational practitioners.

As for the right of the clients to exercise their their choices, it mus not be forgotten that the provision of choice for some parents can damage the interests of other parents and children, and so some parents are much more successful at exercising choice than others. Indeed, "consumerism" seems to be working favourably for those students of high socioeconomic backgrounds, while working unfavourably for those of lower socioeconomic backgrounds. It is very likely that the market forces in education will result in further worsening of school segregation and a reinforcement of existing social divisions and disadvantages. Overseas experience also suggests that the market forces would not necessarily lead to an enhanced diversity but instead encourage convergence to a single model devoted to attracting the "clients" (Ball, 1990).

### *2) Policy of Decentralization in Schools*

In an attempt to promote quality education in schools, the Government has introduced management strategies to the educational sector. Learning from the U.K. experience, Hong Kong also introduced the idea of a school-based management model in order to bring about the policy of decentralization (Brown, 1990) in 1991. It is assumed that when a market mechanism is introduced into the education system, schools will become responsive and accountable to the public, and thus will opt for better quality performance. Hence, the right choice, to the managerialists, is to devolve responsibility to the schools. School-based management is such kind of a reform in order to revitalize schools in terms of flexibility, accountability and productivity in assuring the quality of education.

This is called the School Management Initiative (SMI), by the Hong Kong administrators (EMB & ED, 1991), in trying to set the framework for quality in school

education. This involves the move of the locus of control for the implementation of programmes and policies "down the line" from the centre (the Education Department) to the pheriphery (individual schools). The basic aims of the SMI have been :

(1) to clarify the roles and responsibilities at both the school and system levels;
(2) to enhance principals' and teachers' sense of professionalism through participation in decision-making;
(3) to ensure accountability through self-managing effort to improve learning and teaching; and
(4) to assure quality in education. (Pang, 1997, 1998)

In general, it can be seen that quality is to be promoted by the adoption of a series of management type strategies, such as the creation of development plans, the setting of mission statements and clear objectives, the initiation of appraisal systems for staff, the provisions for rewards and punishments, and professional development. In a nutshell, the SMI expects that with increased "transparency" of school operations, broadened participation from parents and the community in school management, increased "accountability" of schools to the general public, and the sharing of experience among schools with similar background or within the same "quality circle", schools would then improve and be inspired by others to continue to strive for "excellence".

This strategy of school-based management is based on a particular model of organization or administration which assumes that decision-making is rational, and can be carried out in an orderly way through decentralization. Yet, the reality, in most cases, is that school management is subject to the political realities and constraints that are present in each school and in its relations with the school sponsoring body and the Education Department. Indeed, there are serious problems with the management approach to education quality when dealing with the human and political dimensions of organization (Tyler, 1985; Handy & Aitken, 1986; Tam & Cheng, 1997).

Furthermore, when one talks about accountability, the issue is about who is accountable to whom in relation to what matters. In short, it is about issues of power, control and authority. So, the crucial issue is whether the Government would put forward an "educative accountability" characterized by democratic governance, educative leadership and communitarian parenting and professionalism, rather than forms of market, political and productivity mechanisms (Macpherson, 1996). It is, indeed,

questionable whether the new form of accountability is towards the professional model or the consumerist model in a quasi-market situation.

Finally, quality assurance is supposed to be achieved through both internal and external quality assurance mechanisms within the school system. The internal quality assurance mechanisms include the auditing and monitoring of the teaching performance of teachers, the use of both process and output indicators to measure "value-addedness" in the schools; while the external quality assurance mechanisms include the Quality Assurance Inspection (QAI) from the Education Department (introduced in 1998), and the linkage between the funding mechanism with school performance in terms of efficiency, effectiveness and accountability. Obviously, it is a management-based approach to the improvement of quality in school education.

### *3) Introduction of Internal Competition*

As mentioned earlier, performance indicators are introduced into both primary and secondary schools in 1998 as an important step towards the achievement of quality school education. While academic achievements may well be measured more effectively in terms of performance indicators (Singh, 1990), the other areas of measurements, such as the school culture and ethos, can be highly subjective and judgmental. However, the use of performance indicators can be indicative that, at the end of the day, there will be a kind of a league table, as in the case of Singapore, where different schools will be categorized at the different ends of the spectrum. This, in itself, is an important element in the introduction of "internal competition" among the various schools in the school system.

Similarly, at the tertiary level of higher education, the University Grants Council (UGC) has introduced control mechanisms in the university sector to maintain and assure quality. In deploying government funding to universities, the UGC has made it clear that its mission is to promote efficiency and cost-effectiveness. Therefore, higher educational institutions (HEIs) in Hong Kong are expected to be accountable to the substantial amount of public money spent on them (French, 1997). In addition, the UGC also stresses that Hong Kong's higher education is now entering a period of consolidation, and therefore the focus of shifting from "quantity" to "quality"(UGC, 1996).

While recognizing that individual HEIs in Hong Kong may have different histories, roles, missions, and characteristics, and they offer a great variety of programmes and at different levels, the UGC has conducted two Research Assessment Exercises (RAEs) and one Teaching and Learning Quality Process Audit (TLQPAs) in the past six years (1993-

99), with an aim in evaluating how successful the various institutions have been in institutionalizing self-monitoring and self-evaluation mechanisms within their formal structures and processes (Mok, 1998, 1999b). At the same time, Management Reviews (MRs) have been conducted for two years in assessing the roles, missions, academic objectives, resource allocation, strategic planning and financial process mechanisms of individual HEIs across the board (French, 1999).

In the RAEs, those faculty members in the HEIs with all identified items as above the "threshold" set by the UGC would be considered as "active researchers". As the new funding methodology links resource allocation with performance, this would mean that the more "active researchers" the "cost centres" (academic departments) have, the more fundings the centres would obtain. Research and publications, besides teaching, administration and servics to the community, has become an important criterion for either promotion, substantiation or even renewal of contracts. The "publish or perish" syndrome has already occurred for the Hong Kong academia (Cheng, 1995a), even though they may not have the kinds of performance indicators that their counterparts in primary and secondary schools have.

Another area which the UGC is very keen to pursue is to identify and develop major "centres of excellence" among the HEIs within the territory. In November 1988, the UGC received 41 applications from all HEIs in Hong Kong but only 5 centres of excellence will be selected. In this way, a very keen "internal competition" has already developed within the tertiary sector, on top of other areas of competition, in terms of student admissions and "market-driven" programmes, etc. There have been rumours saying that the UGC is already considering dividing up the different HEIs into two types : namely, research universities and teaching universities. While the former ones will get more research fundings with less teaching loads for its faculty, the latter ones will have heavier teaching loads for its faculty with less research fundings (Sing Tao Daily News, 12 May, 1999).

The curriculum structure of universities are more and more "market-driven", and are more practically-oriented in terms of meeting the labour market demands. Various universities are already establishing different programmes using information technology as the best selling point, such as the recent establishment of an "Interactive MBA" (iMBA) programme by the City University of Hong Kong in cooperation with the Hong Kong Telecom. Another case in point is the establishment of the School of Creative Media, again in the City University, in order to train enough expert personnels in the film-making and production industry. The Hong Kong Baptist University, The Chinese University of Hong Kong, as well as the Hong Kong University of Science and

Technology are all trying to get at the training of Chinese medical and pharmaceutical experts. The Hong Kong Polytechnic University is establishing hotel management programmes for the hotel and tourist industry in Hong Kong. While all the undergraduate programmes in Hong Kong are of three-years' duration, the University of Hong Kong will be the first one to introduce four-years' programmes for double majors, in the coming Fall, so as to better equip their students for the demands in the labour market (Ming Pao Daily News, 18 May, 1999). At the same time, other commissioned courses are being offered by different universities in conjunction with either industrial or commercial sectors, or they may even have joint programmes with universities from overseas.

Furthermore, the management style of the university sector has changed quite drastically. All tertiary institutions have already proactively applied efficiency measures to their management. In order to foster a "quality culture" both among and within the HEIs, a territory-wide "management audit" exercises, as well as "quality assurance committees" within HEIs, have been implemented. The notion of being more "market sensitive" is becoming ever more fashionable among university administrators (Cheng, 1995a). Being subjected to stringent regulations and external scrutiny, these tertiary institutions now start to talk about "productivity gains", "doing more with less" and "working smarter with fewer staff members and fewer resources". Hence, in the past few years since 1995, there has been a general increase in academic teachers' workloads, from a staff-student ratio of 1:12 to that of 1:20.

In the midst of budget cuts and stringent regulations in management, short-term appointments and part-time teaching have become a very popular survival tactic (Cheng, 1995a). Universities make good the reductions in government funding by raising research money from trusts or from industry, as well as in securing sponsorships for particular activities. It is also very common nowadays among universities in Hong Kong to open consultancy firms, venturing into business and commercial activities in order to gain additional incomes to support educational developments. All in all, these changes have shown that the ideas and practices of managerialism have greatly affected both the tertiary and the basic educational sectors in Hong Kong.

In order to promote quality education in Hong Kong across different levels, the SAR Government has introduced management reforms and adopted a "market-oriented" approach in running education. While the adoption of managerialism may facilitate the efficiency and effectiveness of educational service delivery in Hong Kong, it is still debatable as to whether this will automatically bring about quality education at all levels. At best, one can say that managerialism is a necessary condition for quality education;

there are other factors which act as sufficient conditions for the development of quality education in Hong Kong society.

## The Marketization Experience in the Mainland

### *1) The Policy Context of Marketization of Education in China*

A better understanding of the process of "marketization" taking place in China's education sector is obtained by placing it in both the wider socioeconomic as well as educational contexts, particularly in view of the recent transformations in mainland China (Zhou and Cheng, 1997). Since the 1970s, there have had three major policy shifts in the Mainland and such shifts unquestionably have affected policies and reforms in the educational sector. The first policy switch originated from the reorientation of the national focus on economic reconstruction and four "modernizations" in 1978, namely : industry, agriculture, science and technology, and national defense. The economic reforms, which started in the post-Mao period, have made education an integral part of the national strategy for socioeconomic development. The second policy shift is closely related to the change in economic reconstruction from dependence mainly on labour-intensive industries and national resources to reliance on improvement of labour force qualifications and scientific-technological advances. Undoubtedly, the impetus for change driven by this policy shift has attached far more importance to education. Most sociologically significant of all, the shift from a centrally planned economy to a "socialist market economic system" has directed China's education towards a market-oriented approach.

Under such broad socioeconomic contexts, China's education has become far more "marketized". By "marketization" in the Chinese context, it is meant to be "a process whereby education becomes a commodity provided by competitive suppliers, educational services are priced and access to them depends on consumer calculations and ability to pay" (Yin and White, 1994, p.217). Being affected by strong market forces, education in China has been undergoing fundamental changes in terms of orientation, financing, curriculum, and management (Zhou and Cheng, 1997; Agelasto and Adamson, 1998). More importantly, the recent changes taken place in China's education sector are in tune with the general trend in China's social welfare sector, since the reform era, which has re-emphasized individual responsibilities and local initiatives, and thus lessening the importance of the state in welfare provision (Wong and Flynn, 1999).

At the same time, there was a change in the values of the people. Instead of relying upon the state for its provisions of educational services as was the case in the Mao era, people nowadays rely more on themselves and on the market than on the government. In adopting the policy of decentralization, China's educational realm has allowed far more flexibility and diversity in the delivery of educational services in the Mainland (Cheng, 1994; Mok and Chan, 1996).

*2) Policy of Decentralization and Marketization of Education*

A wide range of government policies implemented since the mid-eighties have shown that China has been moving in the direction of "decentralization" and "marketization". In 1985, the Chinese Communist Party (CCP) initiated structural reforms at the institutional level. Acknowledging that over-centralization and stringent rules had stifled the initiative and enthusiasm of local educational institutions, the CCP decided to devolve responsibilities and power to local leaders and educationalists to manage matters effectively which are well within their jurisdictions. In order to reduce its rigid control over schools, the Party had decided to "take resolute steps to streamline administration, devolve powers to units at lower levels so as to extend the schools' decision-making power in the administration of school affairs" (cited in Lewin, et al., 1994, p.233).

In 1993, the CCP reiterated its support for decentralization and diversification of educational services by declaring that "the national policy is to actively encourage and fully support social institutions and citizens to establish schools according to laws and to provide right guidelines and strengthen administration" (CCPCC, 1993). In this way, the central government had changed its policy from direct control to managing schools through legislation, funding, planning, advice on policies and other necessary means (SEC, 1993, p.6).

By 1995, the Education Law has further revitalized local community and informal sector support to education. Thus, decentralization of management and financing is further stressed. "Coinciding with this is to empower all educational institutions to conduct their affairs in accordance with the respective ordinances and regulations. In turn, more autonomy is granted for them to decide matters about student enrollment, issue of academic credentials and recruitment of staff members" (Mok, 1997a). Undoubtedly, the ideas and practices of the market economy have had decisive impacts on educational development in the Mainland. Concepts like "efficiency", "effectiveness" and "competition" have become far more popular in management and governance of the

educational sector, while demand-supply law of the labour market has started to play a more significant role than the manpower planning approach in education (Zhou and Cheng, 1997).

It is under such wider socioeconomic and policy contexts that China's education has been going through the process of marketization. The adoption of a market-oriented approach in running education would have the following features: the encouragement of a diversity of educational provisions, that is, the rising of the private or minban schools and colleges, the call for multiple channels of educational funding, the increasing numbers of self-supporting students, the re-orientation of curricula to meet market needs, and last but not the least, introduction of competition in the education sector to enhance efficiency and effectiveness of the delivery of educational services (Mok and Chan, 1998; Agelasto and Adamson, 1998; Mok, 1999a). Now let us briefly discuss some of the major features of "marketized" education in the Mainland.

### *3) Features of 'Marketized' Education*

***Diversification of Education*** While remaining the major provider of education, the state no longer monopolizes the provision of education. After the adoption of the decentralization policy since the mid-1980s, different types of schools and colleges have emerged such as non-governmental, the so-called social-forces-sponsored and private higher education. Nowadays, non-state sectors have become increasingly interested and active in creating more educational opportunities. It is more easy to see nowadays a growing number of mass organizations, business enterprises, private institutions, and foreign institutions and individuals who can sponsor educational institutions or subsidize a particular study programme in the traditional institutions (Zhou and Cheng, 1997; Ren, 1996; Lai, 1996).

In the past few years, we have been researching on the rise of non-governmental schools as well as private/*minban* colleges in the Mainland. Apart from traditional formal higher education, *minban* colleges have increased in numbers. In the past few years, two-to-three-year specialized colleges, various forms of adult higher education (non-degree-awarding institutions), in-service teacher-training institutes, and correspondence or evening colleges affiliated with formal universities have been developed (Zhou and Cheng, 1997; Mok, 1999). In addition to public schools which are sponsored by local governments but seeking an increasing proportion of their financing from "multiple sources", the number of *minban* schools has grown steadily since the early 1990s. Officially, all schools that are run by the non-state sector are registered as *minban* or

"people-run" schools. They include a wide variety of schools run by different "social forces" (*shehui liliang*), including collectives, mass organizations, business enterprises and private entrepreneurs.

Despite the fact that it is extremely difficult to gauge the exact number of private schools that have emerged in China in recent years, at least two main types of basic-level *minban* schools have been established in mainland China. One is the elite private schools being established in major urban centres. This type of schools charges high school fees and caters mainly to the children of newly-rich families in the economically well-developed coastal cities. The second type of *minban* schools "have moderate facilities and charge fees that are quite low, yet their quality is by no means poor as they are under constant pressure to improve their conditions in order to retain and attract students" (Jin, 1996, p.3). In addition to these two models of non-state run schools, a variety of *minban* schools have developed in the past decade in the Mainland which provide diversified educational services for Chinese citizens (Mok, 1998b).

***Multiple Channels of Educational Financing*** Another source suggests that China's education has become more "marketized" is related to the reduction in the state financial provision in education. In the higher education sector, the state financial provision has been gradually reduced, while grants and funds generated from other non-state sectors have become increasingly important. In 1993, research grants were largely from non-state budget funds raised by institutions of higher learning -- 22,932.54 thousand yuan as compared to 4,111.73 thousand yuan from the state. A similar pattern was reported in 1995 (Ng and Li, 1997). In order to search for additional grants and funds to sustain universities and to improve the living and working conditions of faculty members, higher educational institutions have been encouraged to engage in different revenue generation activities. In order to promote technology transfer and commercialization of academic research results, universities have set up their own businesses (Kwong, 1996). In addition, other revenue generation strategies such as offering commissioned courses, running adult education and evening courses to attract more students, or charging consultant fees are becoming very popular in the Chinese university sector (Wei, 1996; Mok and Chan, 2000). Hoping to attract more grants and funds, Chinese universities are keen to establish and maintain closer links with the business and industrial sectors (Zhou and Cheng, 1997; Mok, 1999a).

In addition to the popularity of revenue generation activities in the university sector, university students have to pay for their tuition fees. Before the mid-1990s, nearly all students were offered free university education so long as they could performed well and

met the requirements of university entrance examination. Starting from the mid-1990s, the central government began to adopt a "user-pay principle" to charge students' tuition fees. Now, all students have to pay for their tuition fees and scholarships/studentships and loans are offered to students who are from poor family backgrounds (Agelasto and Adamson, 1998; Cheng, 1997).

Running education along the line of market principles and practices is not an unique experience in the higher education sector. Similar practices can easily be found in the school settings. For example, in Dashi County in Guangdong province, students not only have to pay tuition fees but also have to make financial contributions to the development and management of schools. Despite the fact that the state has taken the responsibility to provide the citizens with nine-years of free education, it has been a common practice that schools at local levels have charged students fees of various kinds. In line with the fee-charging principle adopted in Guangdong, the Provincial Government even openly announces that there will not be any restriction on the percentage of fee-paying and state-planned students, both groups of students will be given equal opportunity for getting admitted in universities (Mok, 1998a). Undoubtedly, the adoption of the "fee-paying" principle in education has fundamentally affected the life of Chinese people. One source even suggests that students have to pay for about 12 different types of fees in order to "subscribe" to educational services. In Liannan, one of the relatively poor regions in Guangdong province, students have to submit not only regular tuition fees but also the other 24 items of fees in order to get junior secondary school education (Bray, 1996b).

One of the strategies to generate more funds to support educational development is to experiment with an "Educational Reserves" model in the well-developed regions of the Pearl River Delta. The main characteristics of this model are: parents have to pay in advance their children's tuition and miscellaneous fees (the accumulated sum for several years) as "educational reserves" for developing facilities and services. In addition, some private schools in Guangdong usually ask for a large sum of money as debentures from the parents, or else charge high school fees for courses. Hence, these schools are usually much better off financially and have the resources to build luxurious buildings and other physical amenities, as well as to offer much higher salaries to attract qualified teachers in the free market (Mok and Chan, 1996). It is worth noting that fee-charging is no longer the unique feature of private schools, public schools have already begun to charge different fees to support educational development as well. From 1992 to 1994, schools in Guangdong had collected 800 million yuan as "educational reserves"[2]. Thus, it is hardly

[2] However, the Guangdong Province has recently announced that all minban schools in the province will not be allowed to collect "educational

surprising to see varying costs being charged in terms of the popularity and market value of courses (Zhang, 1996). All these developments have clearly demonstrated that both the university and school sectors in mainland China have been significantly affected by strong market forces.

***The Use of "Competition" to Enhance Efficiency and Effectiveness*** Aspiring to develop some one hundred "first-class" universities by the beginning of the 21st century, and to respond to the external demand for higher quality and efficiency, the central government has introduced "Project 211" to select 100 institutions of higher education to promote development in selected disciplines since the mid-1990s. Being selected as the top 100 institutions, these institutions will be allocated with additional funds and grants. By attaching a new financial and strategic importance to certain subject areas in about 100 universities, the state tries to make these institutions become world class universities in the 21st century. Central to the scheme is a plan to introduce "competition" among universities, rewarding the top 100 higher educational institutions. Universities are assessed by quantifiable, objective criteria on staffing, buildings, libraries, laboratories, research, funds, etc. to determine whether they are "qualified" to be included as top institutions (Rosen, 1997; Mok and Chan, 2000). In order to strengthen their competitiveness and strengths, many universities like the old Shanghai University has merged with other local colleges in Shanghai to become a comprehensive university; while some other merged institutions, such as Tongji University and Sichuan Lianhe University, have experienced improved operations (Yuan, 1995; Wu, 1996).

By 1998, the "211 Project" has run smoothly by setting up 100 national laboratories, 25 national research centres for engineering and technology, 250 universities have been included in the China Educational Scientific Research Computing Network (*Zhongguo Jiaoyu Keyan Jisuan Jiwan*). Meanwhile, more than 100 higher educational institutions have submitted their applications to be included in the Project (Zhu, 1998). In the same year, the state promulgated a Higher Education Law, stipulating that the Central Government will allocate additional funds in support of the development of Beijing University and Qinghua University, which are considered as the top educational institutions in the Mainland; while the state will not provide additional financial support to other institutions in other parts of the country. Thus, individual provinces or cities should identify one university for strategic development purpose. If financial resources are available, individual provinces and cities can allocate additional funds to develop one

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reserves", starting from February of 1999. (Ming Pao Daily News, 1 February, 1999).

key university in their own regions. In 1998, Fudan University was identified by the Shanghai Municipal Government as the "key university" of the region and additional resources will be given to make the university the best institution in the area (Field Interview in Shanghai, 1999). All these developments have clearly indicated that "internal competition" has been introduced and that, seemingly, an "internal market" is starting to evolve in the Chinese university sector in the foreseeable future.

***Market-driven Curricula and Programmes*** Not surprisingly, under the impact of the tidal wave of the market economy, educational institutions in the Mainland have also taken a series of major actions to adapt to the new market demands, as well as to respect the regularities of supply and demand on the talent market (Wei, 1996). More specifically, it is commonly believed that education is to serve the four modernizations in general, and to serve the economy in particular. Like her counterparts in Western countries, strong market forces have made institutions of higher learning re-orient themselves to be more sensitive to market needs. Universities are now more concerned with employable graduates to suit the employers' demands. Courses and curricula are becoming more "market-driven", stressing on practical and applied values. With more importance attached to the "extrinsic" value of education, both academics and administrators at the universities now search for academic profiles and research outputs when being judged on their performances, instead of looking at how far students and staff have benefitted from the educational process (Johnes and Taylor, 1990; Mok, 1998).

Priority has been given to increase the proportions of enrollments in economics, finance, law and business administration as well as computer studies and applied sciences and information technologies (Wei, 1996; Zhou and Cheng, 1997). Our field interviews with university presidents and colleges principals again confirm the finding that students tend to choose programmes and courses that are of "market" value. In order to make themselves more competitive in the labour market, course and programmes of applied nature and practice usage are the students' favourite subjects. Similar developments can easily be found in the school sector. In response to the emerging needs and the demand from students and parents, school curricula tend to emphasize foreign languages and computer training, as well as artistic and practical subjects. More flexibility in course structure and curriculum design is exercised not only in private/*minban*, but also in publicly-run, schools. In order to equip students with the skills and knowledge that are in demand in the free labour market, the design of curricula and the structure of courses are inevitably driven by market forces and the labour market needs (Wei, 1996; Jin, 1996).

All in all, the market-oriented re-allocation of financial resources, the extension of fee-paying, the encouragement of private or *minban* education, the commercialization of intellectual property and the reduction of state provision have all clearly indicated that a "market-oriented" approach has been employed in the educational sector. Revitalizing local initiatives, utilizing individual efforts and overseas support, the central government encourages a more direct relationship between those who provide educational services and those who pay for them (Mok, 1997). The refocusing of curricula towards a more practical orientation and the emphasis of vocational training are highly indicative that China's education has become more responsive to the new market setting (Mok and Wat, 1998).

**Discussion**

The above discussion has indicated that the central government in the Mainland has gradually forsaken its major role in the provisions of educational services, adopting a wider fee-charging principle to recover a large proportion of costs through tuition fees and exploring other means to recover costs. Multiple channels of financing include educational surcharges, local government subsidies, tuition and miscellaneous fees, and funds raised from overseas Chinese and compatriots in Hong Kong and Macau. These developments demonstrate the shared responsibility of the state and non-state sectors in providing educational services. Above all, the efforts to recover costs in education and the expansion of private and *minban* (people-run) education reveals that China's education is going through a process of what could be described as privatization and marketization (Mok, 1997).

In view of the recent changes in China's educational provisions by re-emphasizing the importance of individual responsibilities and encouraging local communities and social organizations to create additional educational opportunities, it can be said that the Chinese government is continuously reducing its educational subsidy, provision and regulation. The boom in private higher education and the increasing number of self-financed students suggest that a "quasi-market" is evolving. Yet, the strategy of privatization/marketization as adopted by the Chinese government is highly instrumental, intending only to improve administrative efficiency and effectiveness, rather than to make a fundamental shift in value orientation. (Mok, 1997; Mok and Chan, 1998). In fact, the private sector plays only a very limited and peripheral role, under the dominance of public institutions, in the provisions of educational services.

More sociologically interesting is the fact that the public sector in higher education is starting to look more private. Public universities run businesses, charge tuition fees and develop courses for newly emerging work sectors (Mok and Wat, 1998). The growth of private higher educational institutions, coupled with the adoption of market principles and strategies in recovering educational costs, suggest that the Mainland is moving in a similar though not identical trajectory to the global process of privatization and marketization in education (Mok, 1997). The public/private boundary is becoming more blurred in this respect, as the Chinese higher education has been affected by the strong tide of the market economy.

On the other hand, working in a policy context in which the quest for quality, efficiency and effectiveness are emphasized, educational practitioners and academics in Hong Kong have found themselves caught up in an "iron cage of rationality" as Weber suggested. To seek an objective measurement of quality, as well as to reduce wastage and ambiguity, requires measures to ensure quantification to reward the winners and show up the losers. Unlike the case of the Mainland, the Hong Kong SAR government has committed herself, ideologically and practically, to the practice of "managerialism". The recent educational reforms in Hong Kong has, undoubtedly, shown that it has been influenced by the tidal wave of marketization in enhancing the efficiency, effectiveness and economy of education.

Comparing the experiences of both places, we can argue that Hong Kong's education has definitely been affected by the strong tide of managerialism. Recent educational reforms are part and parcel of the public sector reforms initiated in the territory since 1989. More interestingly, the initiation of a "quality assurance" movement and the obvious shift to a far more "management-oriented" approach in Hong Kong's education has clearly demonstrated how popular the ideas of "corporate management" in shaping and managing the educational sector in the territory.

In this regard, the recent educational reforms in Hong Kong can be understood as a response to the concerns raised in the local community whether academic quality can be maintained, especially after turning from an elitist education to a mass education. Most important of all, the adoption of a more "management-oriented" approach in running education in Hong Kong must be analyzed against the wider context of "managerialism" in which performance in terms of measurable and quantifiable outputs is emphasized, and downsizing, privatizing and corporatizing the government is becoming more popular (Clarle et al.,1994; Huges, 1994).

Though recent reforms in the educational system in the Mainland seem to suggest that China's education has been going through the same global practice of marketization, a

closer scrutiny indicates that the Chinese counterparts are far more "instrumental" when adopting market mechanisms. Unlike the case of Hong Kong in which "marketization" of education has shifted to a "corporate management" approach, the Chinese experience can be argued as the government's attempt to make use of market forces and new initiatives from the non-state sectors to create more learning opportunities, instead of a fundamental shift to managerial ideology and practices.

Clearly commercial aspects, user pays and a limited role for private provision in the Mainland does suggest the reduced state role in educational provision and financing, but this process does not constitute a total withdrawal from state control. Despite the fact that the state has tried to "roll back" from a direct provider role, the central government has taken different forms of state intervention. This "marketization project" in China must be understood and analyzed in the light of the wider context of the de-monopolization of the state's role in the public domain (Mok, 1999).

## Conclusion

Even though we have been arguing that the recent educational developments in Hong Kong and the Mainland have been experiencing a similar global trend in the reduction of the role of the state in education, the so-called global tide of "marketization" ( in which private charges, market competition, non-state provision, corporate governance, system-wide and institutional performance managements have been introduced ) should not be treated as a simplistic notion of an undifferentiated universal trend. While the different trends undoubtedly reinforce each other to some degree, they are not equivalent or inter-changeable. Instead, they may take different configurations in cases which remain national-specific as well as global.

Therefore, we must not analyze "marketization practices" in education in these two places simplistically in terms of a one dimensional movement from "the state" (understood as non-market and bureaucratic) to "the market" (understood as non-state and corporate). In the case of Hong Kong, the move to market forms of production and competition in education does not constitute a withdrawal of government provisions. Instead, such a move occurs within the public sector to be accompanied by a more regulation of performance. Even though the move to user pays and the rise of non-state provision in China suggests a withdrawal of the state in provision and subsidy, such practices are compatible with the development of a more effective state role in the socialist market economy.

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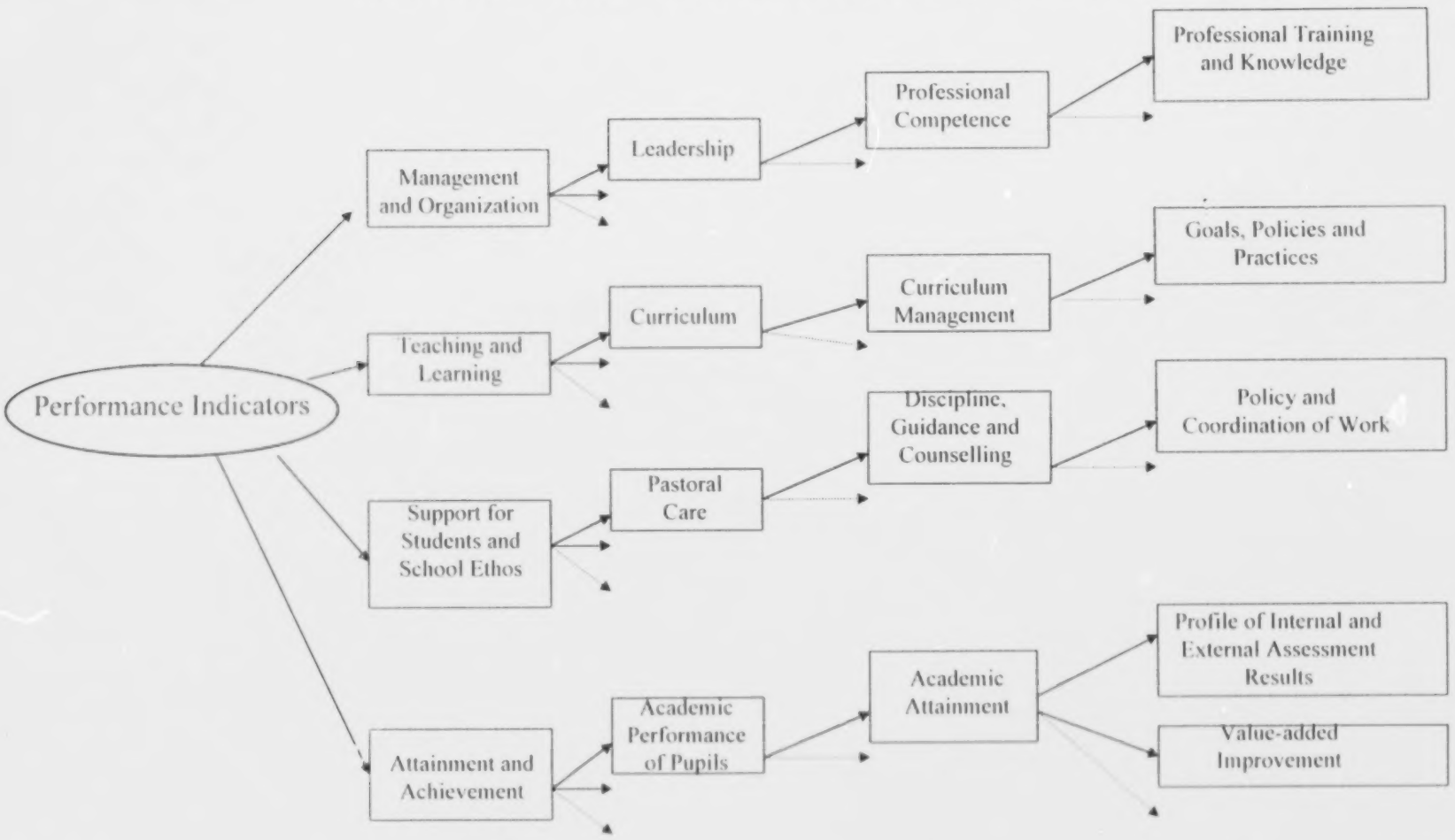
**Figure 1: Structure of Performance Indicators for Primary and Secondary Schools**




Total Number: 4 Domains → 17 Areas → Primary - 43 Aspects → Primary - 114 Components; Secondary - 44 Aspects → Secondary - 116 Components

Source : Education Department (1998) Quality Assurance in School Education : Performance Indicators. Hong Kong : The Government Printer.